

Performance-Based Contract Administration Focus Group

June 5, 2002

Opening

Deborah Lear greeted participants and thanked them for coming. She introduced Pam Walsh and Arleen Halfon from HUD's Office of Fair Housing and Equal Opportunity, telling participants that there has been some confusion among PBCAs over the FHEO protocol to be followed during the course of a management review. As a result, the FHEO checklist has been revised. The new checklist has been cleared by FHEO and is currently under review by Housing. (The revised checklist and other materials were circulated to participants.)

FHEO

Ms. Walsh (Director of the Program Standards Division, FHEO) thanked Ms. Lear for the opportunity to go over the Civil Rights Front-End and Limited Monitoring Review Protocol (the checklist) with the PBCAs. She said that the protocol was established under Community 2020 management reforms and requires program staff under each of the Assistant Secretaries to note on a checklist observations of possible civil rights problems or violations discovered during routine program monitoring visits. In the course of their onsite monitoring, program staff will not determine compliance with fair housing or civil rights laws. The completed checklists will be submitted by HUD program offices to the local FHEO for analysis and follow-up. FHEO staff will also monitor 35 percent of the checklists submitted to them for quality assurance purposes.

The Compliance Monitoring Initiative, under which the checklist was drafted, will help strengthen and improve fair housing and civil rights monitoring and will resolve issues cutting across program areas. In turn, program areas will coordinate their efforts so that resources can be shared. At the local level, Hub Directors may liaise with the FHEO Director, the Regional Administrator, and Field Office Directors to discuss a monitoring plan that may preclude the need for FHEO monitoring by PBCAs and program staff. Likewise, if FHEO, in its annual management plan, decides to monitor specific properties or owners, the affected PBCAs may not need to conduct FHEO monitoring during onsite management reviews.

The checklist is currently in departmental clearance, with comments due back to FHEO June 6. To respond to complaints by participants that they have not had time to review the checklist, Ms. Walsh asked that they direct all comments to Ms. Lear by June 12. When completed, the checklist will be signed by both FHEO and the Assistant Secretary of Housing. Satellite training on the checklist is planned; implementation will occur on October 1, 2002.

Ms. Halfon (Senior Program Analyst, Program Standards Division, FHEO) acknowledged that there have been problems in program offices and with PBCAs not being sure what they should be doing with regards to FHEO monitoring. Under the

revised protocol, the PBCAs' only contact with FHEO will be for training on the checklist. After performing an onsite management review, PBCAs will send the completed checklist to Housing, who will forward it to FHEO. FHEO will contact owners and Housing with any findings, with a copy of FHEO's comments sent to the PBCA, as well. Prior to the review, FHEO will contact Housing if it would like the PBCA to check something in particular, and Housing will pass the instruction onto the PBCA. PBCAs will not be asked to analyze or review anything the checklist doesn't ask for. Thirty-five percent of the checklists will undergo quality review; FHEO will contact Housing if there are any problems with a checklist.

Ms. Halfon went over the revised checklist, which allows for 'yes' or 'no' answers to most questions, with room for comments. She told participants that they shouldn't worry about checking 'no'—depending on the circumstances, it might not signal noncompliance. In other cases, PBCAs will be unable to answer questions on the checklist because they were unable to observe transactions between Owner/Agents(Oas) and tenants or other site conditions. In these cases, they should note "unable to observe."

With respect to question 9 under Part B (If the project has both minority and non-minority tenants, does a review of records indicate that racial or ethnic minorities are clustered on specific floors or other areas of the project?), Ms. Walsh said that PBCAs should be making this observation in view of familial status, as well. For example, are all of the families clustered on the first floor? PBCAs will not be making an evaluative judgment—FHEO will determine why tenants are segmented.

With respect to question 1 under Part C Section II (If the recipient employs at least 15 employees, is at least one person designated to coordinate its Section 504 responsibilities?), Ms. Halfon noted that the regulations require that a Section 504 coordinator be appointed when a site employs 15 people or more.

With respect to question 4 under Part C Section II (Are alternative formats/services used when necessary to communicate with persons with disabilities?), Ms. Walsh said that PBCAs need to be aware of applicants and tenants who are not proficient in English. On request, the local FHEO office will help find translators.

Issues raised by participants

- Should Housing contact FHEO to see if it wants anything reviewed (as stated in the handout), or should FHEO contact Housing? Ms. Lear replied that FHEO contacts Housing. Ms. Halfon asked participants to inform Ms. Lear if they find any contradictions in the materials.
- In response to concerns that the checklist's cover sheet doesn't contain enough information, Ms. Lear said that the checklist will be appended to the management review form (which contains the missing information on its cover).

- The “NOTE” under question 1 in Part B needs to be removed. Many projects in the PBCAs’ portfolios were built before 1972. (Q: Was this project built or substantially rehabilitated after February 1972? NOTE: For all projects being reviewed by CA, answer ‘yes.’)
- Question 2 in Part B (Does the owner have an approved Affirmative Fair Housing Marketing Plan onsite?) reflects an upcoming requirement—the revised HUD Handbook 4350.3 will tell OAs when their AFHMP needs to be updated.
- The information requested under question 3 in Part B can already be found on the 50059.
- Race/ethnicity should not be noted on a waiting list, as indicated by question 5 under Part B (Does the management agent maintain a waiting list of applicants by bedroom size including name, application date and time, race/ethnicity, disability, and preferences, if any?) Ms. Walsh replied that FHEO reviews waiting lists—as well as occupancy rosters—for race and ethnicity as part of its compliance review process. A participant responded that Fairfax County was sued for including this information on its waiting lists, was found to have broken the law, and had to pay a fine. Ms. Walsh said she would go back to HUD’s General Counsel with this question; Ms. Halfon added that it is possible that while OAs are required to maintain this information, it might not appear on the waiting list itself to avoid guiding the selection of tenants. Ms. Lear noted that this is an example of inconsistent and conflicting policies between FHEO, Housing, and field offices—resolving these conflicts is part of the process of revising the protocol.
- In response to a question, Ms. Lear confirmed that the FHEO checklist should be forwarded to HUD with the invoice and the management review. She said that adoption of the new checklist will not change standing procedures in this area.
- There isn’t a single standard for determining “accessibility” under the current rules and regulations, as implied by the questions under Part C. Accessibility requirements depend largely on when the project was built, and standards have changed several times since. Whether a site is “accessible” under the rules of its program will be very difficult for PBCAs to determine. Moreover, how is “mobility impaired” (as in question 1 under Section C III) to be defined? (Q: Is the site where applications are taken accessible to persons who are mobility-impaired?) Ms. Walsh asked that the issue be sent to her so that she can obtain a legal opinion.
- The wording of questions 7 and 8 under Section C I might be illegal—it seems to imply that managers should make independent judgments concerning whether tenants are disabled. Ms. Halfon and Ms. Walsh replied that the operative language should be whether there are tenants living there “who require the features of the unit.”
- With regards to the requirement for a Section 504 coordinator, how do you count to 15? In some cases, there are employees of the property, as opposed to employees of

the owner or agent—this issue needs to be addressed by HUD’s lawyers. Ms. Walsh asked participants, as they are noting whether or not there is a Section 504 coordinator, to be sure to include the coordinator’s name on the checklist.

- Several items are missing from the checklist: 1) whether properties that were built after 1991 are compliant with the Fair Housing Architectural Amendments Act; 2) whether a building has more than one entrance/exit; and 3) there’s no request for site topographical standards. In addition, FHEO should revisit the requirement for a site map—many are long lost both at the site and in HUD field offices. Ms. Lear told PBCAs that for documents that are unavailable on their site visits, they should indicate “not available.”
- Will the new protocol require PBCAs to inspect every building and unit type in the project, or should the checklist only be filled out for the buildings and units the PBCA was planning to look at during the course of his normal review? Ms. Lear replied that the intent was that only the units the PBCA was planning to look at would be included.
- The REAC physical inspection form has four FHEO-related questions on it. Ms. Walsh said that FHEO is trying to gather data on public and assisted housing that will interact with REAC’s database.
- It’s difficult to observe certain conditions—such as the clustering of tenants in particular units—during a daytime inspection. Is it still acceptable to say that the condition can’t be observed? Ms. Lear replied that it is, saying that the PBCAs’ role is only to observe and complete the form to the best of their ability. If the information isn’t available, that’s fine. This is only an attempt to create a protocol that makes it clear who is responsible for what—if local FHEOs are asking for more, that’s a training issue with them.
- A focus group should study the checklist—it needs to be looked at by the industry and discussed, especially in light of the industry’s understanding of FHEO requirements. Ms. Lear replied that the checklist will be appended to the management review form—still under development—and discussed then. Ms. Walsh added that Multifamily Housing’s comments will have to be incorporated first, as well.
- Are PBCAs actually doing routine resident interviews (in reference to question 6 under Part B)? Ms. Lear replied that the question is only applicable if PBCAs talk to residents while onsite. Ms. Halfon proposed that the word “discussion” be used rather than “interview,” but the participant stated that discussions with tenants never occur. Ms. Lear commented that while it isn’t part of a formal process, if residents see reviewers onsite, they often like to talk to them. The participant proposed that Complaint Line observations for each property be noted, instead. Ms. Lear responded that a section of the regular management review form will capture that information.

- Reviewer observation of the required fair housing poster is missing from the checklist.
- With regards to sensitivity concerning language—while the sentiment is admirable, the facility to accommodate non-English speakers often can't be incorporated at sites. Will the requirement to offer translators become mandatory? Ms. Walsh replied that an executive order has been issued and that FHEO is working with the Department of Justice on implementing regulations.
- In reference to question 1 under Part C III: most people who aren't mobility impaired won't be able to judge site accessibility accurately. There is a real problem of missed perception, and FHEO will end up with a lot of general observations and bad data. Ms. Halfon responded that in cases that are obvious, such as when an entrance is clearly blocked, PBCAs should check 'no' on the form. PBCAs should write "I can't tell" if they are unsure.
- There are many gray areas on the checklist, for which PBCAs may not be able to provide good information. To complete the review properly, they need to be able to note their observations without second guessing the checklist itself. A comprehensive review of the entire endeavor is needed.
- PBCAs need more regulatory guidance on this—they're not lawyers and do not fully understand FHEO requirements. Ms. Lear told participants to send their comments forward, and Housing will work with FHEO to respond to their concerns.

System Reports and the REMS Reports Guide for Evaluating Section 8 Project-Based Contract Administration

Ms. Lear told participants that the REMS reports (and the resulting guide) were developed by CAOMs and are in the first draft stage. Recommendations made by the IBPS working groups may have an impact on the reports. She introduced Joyce Claus and Sarah Pyrrsson, who gave the presentation on behalf of the CAOM working group.

Ms. Claus told participants that development of the reports was prompted by an offer from Steve Martin last October to produce standardized reports that could be used by both CAOMs and PBCAs. The reports are currently in testing; some may be introduced with the REMS release on June 28. Ms. Claus said that the reports and the guide are a work in progress, and even after they are finalized, there is the capacity to change the reports in REMS over time as needs change.

Objectives: The new reports will provide access to a common set of information that will furnish CAOMs and PBCAs with an overall picture of the PBCA's portfolio. The information will both aid consistency in administration and furnish a tool for evaluating the PBCA's performance. Three types of reports have been developed: AQL performance reports, reports that track other ACC requirements, and reports that provide information that will help facilitate contract administration.

REMS entry requirements: Following implementation, data entry into REMS will be required within five days after completing an action. Disincentives will be assessed if data isn't entered within the timeframe allowed.

Implementation: The reports will be implemented through a HUD IT release in REMS. An implementation notice will be posted on the CA web page and sent out through the CA mailing list. The implementation schedule will include a transition stage, during which no disincentives will be assessed. There will be a two-month rollover period between introduction and final implementation.

How to get reports out of REMS

Ms. Pyrrsson demonstrated onscreen the process for generating reports. To produce reports, users will have to download "Actuate Report Viewer" the first time they use the application. Detailed instructions for downloading the program are included in the guide.

Instructions for generating, viewing, and printing reports are also detailed in the guide. "Report was submitted successfully" will display on the screen when a report has been properly generated. To access the report, click on the button 'previously generated reports,' which will display a list of reports produced by the user. Reports that are ready to view will display in blue; reports that aren't ready to view will display in black; and reports that have already been viewed will display in red.

There is a toolbar across the top of the screen whose buttons can be used for navigating within a report, printing reports, searching, or sending a report to Word Perfect or Word. The 'Help' button doesn't work in REMS, however.

Reports can be exported from Actuate Report Viewer to Microsoft Excel. Instructions for exporting reports are in the guide.

Descriptions of the reports

Ms. Claus said that 17 reports have been developed, and more can be produced as needed. The guide provides detailed information on each of the reports, including its purpose, the HUD requirement the report responds to, the format of the report, report elements, and tips on how to interpret the report.

Ms. Claus discussed in turn each of the 17 reports.

Report 1: Management and Occupancy Reviews AQL Performance Report

The purpose of this report is to determine the percent of management review reports completed within 30 calendar days from the date of the Management Review.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); the percent of the reports completed on time; the contract number, the name of the property, and the date the management and occupancy review was performed.

The data for the report is drawn from management review detail page in REMS.

Report 2: Management and Occupancy Reviews Work Plan Compliance

The purpose of this report is to determine discrepancies between the scheduled dates and performed dates of the management reviews.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; scheduled date; and performed date.

The data for the report is drawn from management review detail page in REMS.

- Ms. Claus told PBCAs that the scheduled date is the PBCA's work plan date, which should be changed in REMS if the date is modified. She said that there are still some issues with the report, and CAOMs will need to analyze the data carefully to accurately count the discrepancy between scheduled and performed dates, particularly when there is last-of-the-month to first-of-the-month overlap. Ms. Lear commented that the policy decisions are not set into stone, and if there are conflicts with IBPS working group recommendations, this will be taken into consideration.

There was some discussion on what the deadlines for data entry of the work plan should be—does the entire work plan need to be data entered within five days? Ms. Claus said that Housing will need some feedback on this.

Another participant asked if there will be a requirement to report within the ACC year without regard to when the property was transferred (e.g. September transfer, with an ACC year beginning in October)? Similar issues are raised as properties go in and out of OMHAR. Ms. Claus said that the question concerning ACC year may be answered by the third report and reiterated that there is a need for analysis by the CAOM. Ms. Lear commented that these issues are open for discussion and that some critical analysis must be performed by CAOMs. A participant suggested that REAC's business rule be applied: date + or – 90, which would allow travel to sites to be bundled and more than one management review to be done at once.

Report 3: Management and Occupancy Reviews Not Performed in ACC Year

Ms. Claus told participants that this report is still under development. Should the date the property was assigned to the PBCA be added to the report?

Report 4: Management and Occupancy Reviews with Below Average or Unsatisfactory Ratings

The purpose of this report is to determine which properties received management review reports with below average and unsatisfactory ratings. The report includes both closed and open management review reports with these ratings.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; performed date; report date; rating on the management review; and status of the report (open or closed).

The data for the report is drawn from the management review detail page in REMS.

Report 5: Management and Occupancy Reviews That Are Not Closed

The purpose of this report is to determine properties with management reviews that are still open.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; the date the response is due back from the owner; the date the response is received from the owner; and whether the review is closed (the report indicates ‘no’ in every case).

The data for the report is drawn from the Management Review Detail and the Project Action pages in REMS. An automatic project action is created in the project action screen when the ‘yes’ dial under ‘owner response due’ is selected on the management review detail page. The date the response was received from the owner comes from the project action screen. If further action is needed to close the review, the ‘yes’ dial is selected, which will trigger the indication on the report that the management and occupancy review is not closed.

- A participant asked when a Management Review is considered closed? Ms. Claus said that will have to be discussed.

Report 6: Comparison of Management and Occupancy Reviews and Civil Rights Compliance Reviews

The purpose of this report is to determine inconsistencies in data entry between management and occupancy reviews and civil rights compliance reviews conducted during a specific period. The report only displays contracts in which one of the entries is missing.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; MOR performed date; and CR report received date.

Data for this report is drawn from the management review detail page and the ‘Submitted FHEO Report to HUD Date’ project action detail page.

Report 7: Civil Rights Compliance Review AQL Performance Report

The purpose of this report is to determine the percent of civil rights compliance review reports submitted to HUD within 30 calendar days of management review completion.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; percent of reports on time; performed date; date report sent to HUD; number of days before the report was submitted to HUD; and comments.

Data for this report is drawn from the management review detail page and the ‘Submitted FHEO Report to HUD Date’ project action detail page. Comments are also entered on the project action detail page under ‘Submitted FHEO Report to HUD.’

Report 8: Rent Adjustments AQL Performance Report

The purpose of this report is to determine the percent of rent adjustments processed within 30 calendar days of receipt of the owner’s request. An acceptable quality level also requires that rent adjustments be processed correctly within this time frame. So, the acceptable quality level percentage may be modified by the CAOM if the PBCA does not process the rent adjustment in accordance with HUD requirements.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; percent of rent adjustments on time; date received from owner; date completed; number of days late; type of increase; HAP anniversary date; and comments.

Data for this report is drawn from project action detail page under ‘Rent Adjustment Request Received from Owner and Rent Process was Complete.’

- Ms. Claus told participants that the data element ‘number of days late’ may be changed to ‘number of days to process.’ In establishing the rent adjustment timeline, a REMS entry should not be made until a complete package is received from the owner. The time it takes HUD to process a rent increase also needs to be accounted for—notation of HUD processing time should be made in the ‘comments’ section.

A participant argued that CAs don’t really care about HUD processing time, since the start of the action occurs when a complete package is received from the owner, with

action complete when the fund reservation is sent to HUD. For rent increases over 5 percent (which need to be approved by HUD), the action is complete when the package is forwarded with the CA's recommendation—HUD reserves the funds on the increases it approves. Other participants thought the rent denial issue needs to be addressed, however—in cases where HUD might not approve an increase over 5 percent, many CAs would appeal HUD's decision, restarting the project action.

Report 9: Multiyear Contracts

The purpose of the report is to determine which contracts are multiyear and the corresponding HAP anniversary dates for each. This information can be used proactively to encourage an owner of a property with financial and capital needs to request a rent increase if the property meets program requirements. The report also allows HUD and PBCAs to identify and project resource requirements needed for processing potential rent adjustment requests.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; HAP expiration date.

Data for this report is drawn from the project action screen.

- Ms. Claus told participants to enter the full length of term (number of months) for initial and subsequent contract renewals. (Eileen Walker added that 12 months should be entered for contract amendments only.)

Report 10: Opt-out/Termination Notification AQL Performance Report

The purpose of the report is to determine the percent of owner opt-out/terminations submitted by the PBCA to HUD within one business day.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; percent submitted on time; recommendation for termination or date received from owner; date sent to HUD; days late; and termination or opt-out.

Data for this report is drawn from the project action screen: 'Recommendation for termination prepared and forwarded to HUD' and 'Opt-out Notice Received from Owner and Forwarded to HUD' detail pages.

- Ms. Claus told participants that Housing would like to know when the one-year notice (for opt-out) is sent to residents. Ms. Lear added that HUD wants to know as soon as the PBCA knows of any intent to opt-out, even if the PBCA finds out through channels other than the one-year notice to residents—Housing would like to work with owners to encourage them to stay in the Section 8 program. But if the 120-day formal notice to HUD (required of owners) is all the PBCA has, then that's fine.

A participant commented that in an improving market, pro forma notice is often given to residents to cover the owner's options—if this notice is sent to HUD, false alarms will be set off. Ms. Lear replied that the purpose of the early notification of HUD is so that Housing can begin its conversation with the owner—120 days does not allow enough time. A participant countered that in New York, out of 700 letters sent to residents, only 2 opt-outs actually occurred. Another participant said that PBCAs should only be notifying HUD when owners have formally notified them of their intent to opt-out—verbal messages or other informal means shouldn't serve as the trigger for notification to HUD. Ms. Lear said that, given participants' comments, the issue will have to be put back on the table and revisited.

Another participant added that PBCAs need to be able to insert a comment into REMS in cases where owners request a short-term renewal to meet the requirement for resident notification.

Report 11: Opt-out/Termination Resident Data AQL Performance Report

The purpose of the report is to determine the percentage of resident data the PBCA submits to HUD as least 90 days before contract expiration or termination.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; percent submitted on time; date resident data sent to HUD; contract expiration date; and number of days sent before expiration.

Data for this report is drawn from the project action screen: 'Resident Data Sent to HUD Date' and 'Projected Termination Date' detail pages. For opt-outs, the contract expiration date comes from the expiration date in TRACS.

Report 12: Life Threatening Health and Safety Performance Report

The purpose of the report is to determine the percentage of PBCA responses that occur within one hour of notification or close of business day, whichever is sooner.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; percent of timely responses; date resident notified the PBCA; date PBCA notified the owner; number of days between notification; and comments.

Data for this report is drawn from the 'Resident Notified CA of LTH&S issues and CA notified owner of these issues' project action detail page.

- Ms. Claus noted that REMS can't capture hours, so time response for the purpose of this report will be expressed as '0' days between notification. The timeliness of individual responses will be verified during compliance reviews.

Report 13: Non-Life Threatening Health and Safety AQL Performance Report

The purpose of this report is to determine the percent of PBCA responses to non-life threatening health and safety notices that occur within two business days of notification.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; percent of timely responses; date resident notified PBCA; date PBCA notified owner; number of days between notification; and comments.

Data for this report is drawn from the ‘Resident notified CA of NLTH&S issues and CA notified owner of their issues’ project action detail page.

- For tracking purposes, the name of the person notifying the PBCA of the non-life threatening health and safety issue should be entered into the comments section.

Report 14: Contract Renewal AQL Performance Report

The purpose of this report is to determine the percentage of renewed HAP contracts submitted to HUD by the PBCA within 60 days of receipt of the owner request for renewal.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; percent of timely renewals; date received owner’s submission; date the executed contract is sent to HUD; number of days to process; contract expiration date; and comments.

Data for this report is drawn from the ‘Renewal-Contract/Option Selection’ page and the ‘Executed Contract Sent to HUD Date’ project action detail page. The contract expiration date comes from information in TRACS.

- A participant asked what constitutes the contract ready to execute date? Does it correspond to the close date on the project action detail page? Ms. Claus replied that it does.

Another participant commented that there is confusion and inconsistency between the process for rent increases and the process for contract renewals. While the action is closed on a rent increase when funding is requested, it is closed on a contract renewal when the contract is sent to HUD, not when funds are requested. A participant added that the process for PBCAs should be defined as spanning between the point at which the PBCA receives the package and the point at which the package is sent on. Performance should not be judged by what PBCAs cannot control, such as the time sometimes required to obtain an owner’s signature and delays caused by HUD’s funding process. Ms. Claus agreed, but said that some issues are tied to ACC requirements—for example, the closure of contract renewal processing for PBCAs occurs when the executed contract is sent to HUD. She said that her recommendation

would be that HUD staff have project action screens in REMS to capture this information. Ms. Lear commented that there money issues and other factors that come into play with this.

A participant suggested that some of the questions and discussion surrounding these issues be deferred until the IBPS working groups make their reports.

Report 15: Physical Inspection AQL Performance Report

The purpose of this report is to determine the percent of properties with REAC physical inspection scores of 31-59 in which the PBCA is meeting its owner notification and follow-up requirements.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; percent timely; property ID #; inspection ID; inspection date; release date; score; status; chronology of previous status updates; and comments.

Data for this report is drawn from the ‘Physical Inspection/EH&S Event Tracking Detail’ and ‘PASS Physical Inspection/EH&S Items Detail’ pages.

- A participant commented there isn’t any distinction being made between 31 to 45 and 46 to 59 on this report. Moreover, some of the MIOs for low-scoring properties are very long—will long entries need to be made? Ms. Claus replied that entries should be kept short. A participant asked if the 254-character limit for REMS could be changed? Ms. Claus said that that would be an IT decision.

Report 16: EH&S Follow-up Report

The purpose of this report is to track the PBCA’s follow-up on exigent health and safety deficiencies cited during REAC physical inspections.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; property ID #; inspection ID; inspection date; score; status; chronology of previous status updates; and comments.

Data for this report is drawn from the ‘Physical Inspection/EH&S Event Tracking Detail’ and ‘PASS Physical Inspection/EH&S Items Detail’ pages.

- Ms. Claus told PBCAs that Headquarters would like to know if there’s an appeal by an owner to an EH&S citation—there’s no way in the system to distinguish between an appeal on a score and an EH&S appeal. The information should be entered into the comments section.

Report 17: Physical Inspections Report

The purpose of this report is to show the physical inspection completed during a given time period and their corresponding scores.

Data elements include: name of the PBCA; title of the report; the date range of the report (from date – to date); contract number; property name; property ID #; inspection ID; inspection date; release date; score; and status.

- Ms. Claus told participants that physical inspections are in ‘closed’ status when there is a physical inspection score greater than or equal to 60, with no EH&S citations; a physical inspections score greater than or equal to 60 with EH&S citations mitigated; or a physical inspection score of less than 60 with repairs completed and EH&S citations mitigated. She said that PBCAs will need to pull up the Physical Inspection Report daily to track status—the PI release date for each property is in REMS.

In wrapping up, Ms. Claus divided the reports into three categories.

AQL performance reports:

Report 1: Management and Occupancy Reviews AQL Performance Report
Report 2: Management and Occupancy Reviews Work Plan Compliance
Report 7: Civil Rights Compliance Reviews AQL Performance Report
Report 8: Rent Adjustments AQL Performance Report.
Report 10: Opt-out/Termination Notification AQL Performance Report
Report 11: Opt-out/Termination Resident Data AQL Performance Report
Report 12: Life Threatening Health & Safety AQL Performance Report
Report 13: Non-Life Threatening Health & Safety AQL Performance Report
Report 14: Contract Renewals AQL Performance Report
Report 15: Physical Inspection AQL Performance Report

Reports that track other ACC requirements:

Report 3: Management and Occupancy Reviews Not Performed in ACC Year
Report 5: Management and Occupancy Reviews That Are Not Closed
Report 16: EH&S Follow-Up Report

Reports that provide information that will help facilitate contract administration:

Report 6: Comparison of Management and Occupancy Reviews and Civil Rights Compliance Reviews.
Report 4: Management and Occupancy Reviews with Below Average or Unsatisfactory Ratings
Report 9: Multiyear Contracts
Report 17: Physical Inspections Report

Ms. Claus asked participants to send any comments they have on the reports to Ms. Lear. One participant commented that the reports will change how PBCAs do things on a daily basis; Ms. Lear responded that they are in draft and that there will be a transition period before final implementation. The consensus among participants was that the working group had done an excellent job in drafting the reports.

TRACS Update

In response to a question concerning the planned June 1 assignment of new contracts, Lanier Hylton (Director of Housing Assistance Contract Administration Oversight) said that HACAO will have access to the contracts by Friday (June 7). Another participant commented that data has been lost in TRACS recently, apparently while Housing was uploading information. Mr. Hylton promised to work with Steve Martin to see if the problem has been resolved.

In other news and updates, Mr. Hylton told participants that some of the recent problems with TRACS production have been resolved and research continues on others:

- The problem concerning the rejection of special claims has been fixed. OAs should resubmit their special claims.
- An edit check caused the rejection of Rent Supplement and RAP vouchers (there was insufficient data entered on the contracts table). The 52 affected vouchers should be resubmitted. (Those whose vouchers were rejected have been informed.)
- Some MAT 70s disappeared in the system. Research on that problem continues.
- Some of the lost voice mail messages to the TRACSMail Help Desk may have been caused by a change in the dial option menu—option 1 will now direct callers to the REMS Help Desk, rather than to TRACS. Callers should listen to the menu before choosing an option.

There are new procedures being implemented for making technical assistance requests to the TRACSMail Help Desk. TRACSMail users will be sent the Help Desk's fax number and an e-mail account will be set up so requests can be made via that route, as well. In sending a request to the Help Desk, users should include the name of the organization, contact information, an e-mail address, information on the problem, the date the submission was made to TRACS, and the type of transaction. PBCAs may have to place the request if the transmission to HUD was made by the PBCA.

The Help Desk will be redefining the technical assistance it provides—60 percent of current calls have nothing to do with TRACS software glitches and are often related to lack of technical knowledge at sites. In these cases, users will have to speak to their software vendor's help desk.

Special Claims

Mr. Hylton told participants that Housing had encountered problems with the TRACS industry group with their proposed changes to special claims submission and payment procedures. Apparently the new procedures do not mesh well with business systems in place at the CA level.

Ms. Walker said that Housing was trying to implement a special adjustment/special claims manual claim process, but will go back to the original plan to create a manual claim process. One possibility under consideration is having the CAs use a TRACS application like the one used for HUD-administered contracts to generate a claim ID. She asked the PBCAs if they currently have a validation procedure in place and if they can generate a unique number using their software?

Mr. Hylton asked if the TRACS application would create an administrative burden and if there would be value added through this approach? Alternately, Ms. Walker asked, should the resources that would be used to expand the current application be used to devise a better special claims review process?

A participant described the process his office uses for special claims. The software they use (HDS) has a number of automatic fail-safe features that provide tracking mechanisms and make it difficult to double pay claims. Other participants said they have such procedures in place, as well. Special claims tracking logs are kept in some offices and are submitted with the monthly report. Several participants emphasized that their payment records must have the voucher month tied to the unit for which the claim is being submitted.

Ms. Walker said that Housing will leave special claims voucher submission as is, but she promised that while it will be kept in place, it will not be left alone.

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Mr. Hylton told participants that new contracts will be assigned to PBCAs as they expire, although there is an issue of transfer notification in the current ACC (120 days is required) and funds will have to be transferred from the FMC. Some contracts, drawn for 40 years and fully funded, will not come back; neither will PACS, PRACS, and Rent Supplements. A participant commented that Moderate Rehab being put through Mark-to-Market will be HUD administered, as well.

IBPS Working Groups

Ms. Lear asked participants to send any recommendations and comments they have on the reports to the team leader of the appropriate working group. Reports incorporating the participants' suggestions should be submitted via e-mail to HACAO by June 14.

Group 1: IBPS 1 and 2, Management and Occupancy Reviews and Documenting Owner Civil Rights Compliance

The group leader reported that many of the REMS issues identified by the group will be resolved with the adoption of the new reports; issues concerning the scheduling of management reviews will be resolved as well.

With regard to management reviews, the group is awaiting the revised form. Subjectivity issues need to be dealt with, and Housing needs to focus on leasing and occupancy and differentiate between business practice and regulatory recommendation. There are some field office issues, with some field offices placing a ban on superior ratings. Headquarters has to say that it's unacceptable practice for field offices to take the position that there can't be a superior rating. In addition, there are conflicting sign-off policies on unsatisfactory ratings—in the group's opinion, there shouldn't be a sign-off at all.

The group was divided on whether the 2530 should be flagged in the event of an unsatisfactory management review. Some said that flagging raises liability issues.

The group discussed what the PBCA's role should be if life-threatening EH&S violations are observed during the course of a management review (or obtained through means other than tenant complaints or as the result of a REAC physical inspection). It recommends that immediate notification be given to the owner, with three days allowed for repairs. The definitions developed by REAC should be used to define life-threatening conditions.

The group recommended that the quarterly report be eliminated on the ground of redundancy. The monthly report should be modified to identify items that need to be resolved by HUD, but the process at HUD for doing resolving these issues needs to be streamlined.

Dorli Bokel discussed the group's recommendations concerning the CA Handbook, noting that the guidebook contains six pages detailing procedures for onsite review. She said that the chapter of the handbook devoted to onsite management review should talk about 'management' versus 'compliance' and how to look at these issues. The group needs to see the management review form, first, however.

In addition, the handbook needs to offer instructions to PBCAs on how to develop an annual work plan. CAOMs have a hard time using the work plans that are currently being submitted—PBCAs need guidance on the minimum information that should be included and the format. There should be a cycle established on when changes to the work plan are to be submitted. Can this be done quarterly?

PBCAs need some guidance on how to conduct a prior review. What documents should PBCAs be looking at in a desk review? How should they be analyzing what they're seeing? Onsite, there need to be protocols established for handling EH&S cases. There

also needs to be guidance on conducting the closeout meeting and developing uniformity in the written reports.

Properties in the Enforcement Center are a big issue—every week the direction changes. What are the expectations of PBCAs while reviewing properties under enforcement? In addition, there are liability issues if a property with bad financials is given a good management review.

- A participant suggested that EC properties and those whose physical inspection scores bob up and down from year to year be taken back by HUD, with the PBCA just issuing payments.

With regards to follow-up and close out—how much documentation does HUD want, and what kind of documentation does it need? What if the owner doesn't cooperate—how should the PBCA close these cases out?

An appeals procedure for owners should be adopted. While owners want to appeal management reviews, it's not allowed in the current handbook. This is particularly important given that points are awarded in NOFA competitions for good management reviews.

There needs to be guidance in the handbook on which fields need to be completed to meet the REMS entry requirement (although this was answered earlier, during the discussion on the new reports). There is also an issue on the data to be reported on the monthly invoice—much of it is already in REMS, and CAOMs are inconsistent in setting their requirements.

Group 8: IBPS 14, Renewals of Expiring HAP Contracts

The group asked what a complete package for contract renewals should consist of, and recommended that a checklist be developed for PBCAs to send to the owner. In addition, it recommended that PBCAs send a 13-month (in advance of expiration) letter to the owner, reminding him of tenant notification requirements in the event of opt out. There should also be 6-month follow-up with the owner on requirements for processing a renewal, with contact reestablished every 14 days thereafter until the renewal package is received. If the owner is late in submitting, the renewal should be processed, but the owner should be cited on his next management and occupancy review.

There are inconsistencies between PBCAs on the requirement for a utility analysis—some require it only for a rent increase, while others require an analysis to be done for both rent increases and contract renewals. While some owners use the PIH analysis, the group recommended that HUD work with power companies on a database—accessed by inputting an ID number and password—to help owners calculate their utilities. As a last resort, the PIH analysis could be used.

Some changes were recommended for REMS. On a multistage contract, REMS automatically defaults to the last stage. At an owner's request, these stages could be combined so that PBCAs don't have to process short-term renewals. In addition, REMS should have the same format for Mark-Up-To-Market as option 2. HUD Project Managers should be asked to update reserves-for-replacements in REMS so that PBCAs can incorporate the new numbers into the contract renewal decision letter.

If contract renewals are processed at \$0 budget authority, it must be ensured that HUD has some way of putting money into the account and sends confirmation of that to the PBCA so the assurance can be put into the decision letter. There has been inconsistent adoption of \$0 budget authority—some PBCAs have implemented it, some have not, and some have been told by their field offices to stop.

In response to a request by the group leader, Ms. Walker told participants that the rationale behind using \$0 budget authority to process renewals is to separate the renewal and funding processes so that renewal processing doesn't grind to a halt if funding isn't immediately available. When legal concurrence is obtained from OGC, the policy will be put into writing. The group leader commented that some Hub Directors and PBCAs won't implement \$0 budget authority processing until they get the policy in writing.

Another working group member said that the IBPS should be changed to exclude processing time not under the control of PBCAs, such as when paperwork is being held by the owner or the contract is awaiting funding. In addition, the renewal window should not be accounted 60 days from contract expiration, but from receipt of a complete package from the owner. To be complete, each item in the package must be complete, as well, even if accounted for on the checklist.

- A participant commented that there is a problem with the taking of disincentives based on failure to complete a small percentage of a small universe of transactions. A PBCA has to have at least 19 contract renewals to miss even 1 and still meet the 95 percent AQL. For PBCAs who process a small volume of renewals, 100 percent processing is required to obtain normal fees. Ms. Lear asked participants to direct comments such as these to the appropriate working group.

Group 2: IBPS 3, Processing Rent Adjustments

The working group formed two subgroups to study the three types of rent adjustment: annual adjustment factors (AAFs) and operating cost adjustment factors (OCAFs) [subgroup 1]; and budget-based increases [subgroup 2].

The group recommended that processing time (currently 30 days) be measured from the date a complete package is received from the owner to the date it is sent to HUD. It also felt that owners are often challenged by utility analyses and that utility providers and tenants seldom want to cooperate with owners to help them determine a realistic budget. The group recommended that a HUD-derived utility allowance factor be adopted, or that a dollar value for utilities be established according to the type of building.

Rent schedules are a problem—there are many items that PBCAs can't verify, yet PBCAs sign them, certifying that the schedule is correct. In addition, PBCAs don't process non-Section 8 units, which are included on rent schedules. What are the rents for the non-Section 8 units supposed to be?

PBCAs don't have access to every agreement affecting reserves for replacement or residual receipts. What items are they to be used for and what balances should be maintained? There was some sentiment in the working group that reserves should be handled directly by HUD staff, working with owner. Both of these items affect rent levels.

Owners have to be induced to get their rent adjustment packages in to the PBCA on time. Currently, there are no negative implications when owners submit their materials late, because they know that a retroactive adjustment will be made. Time should be added to the processing window (as is being considered by HUD) from the time the CA gets the complete package, and retroactive increases should not be awarded if processing is timely. The group leader commented that many requests for rent adjustment are late—his agency has even gotten requests from owners 40 days after the contract has expired.

At the same time, there needs to be more consistency established and a reasonable set of expectations drawn. Owners want to know what the requirements are—the guidebook should include a list of everything to be submitted. It should also indicate what a well-done utility analysis looks like. CAs need to be given tips on how to review utility analyses.

- A participant commented that Notice 2002-10 addresses some of these issues; another said that rent adjustment requests cut without a rationale for doing so need to be addressed. A participant asked what the rent adjustment effective date would be the next year if the current year's adjustment is processed late? (For example, on August 1 instead of June 1.) If it is the earlier of the two dates, would that be considered processing two rent adjustments within a single year? Other participants said that it would not be, because one was late. The anniversary date stays the same.

A participant commented that there hasn't been any rulemaking on renewals—under current policy, it is possible for an owner to show up with a package the day before expiration and require the PBCA to backdate it and process the request in one day. Post-MAHRA, there may be a problem here with the laws on anti-deficiency. Another participant said that there needs to be clarification on when a project is eligible for a gross rent increase when it comes on line building by building. The group leader said that rent adjustments are made according to the date of the HAP contract.

A participant suggested that PBCAs renew at current rents if contract renewal requests are turned in late. The group leader replied that the group's recommendation is intended to avoid double processing—the renewal and the retroactive rent increase.

Group 3: IBPS 4 and 5, Owner Opt-out Notices and Contract Terminations and Owner Opt-out and Contract Termination: Submit Resident Data to HUD

Group 3 circulated a sheet summarizing its recommendations. Recommendations 1, 5, 6, 7, 8, 9, and 10 were addressed by the group's leader.

1. The group recommends that the AQL for IBPS #4 be understood to require action at the receipt of the owner's one-year notification rather than at receipt of the Option 6 contract renewal worksheet 120 days before contract expiration. This should also be reflected in the text box on Pg. 15 of Exhibit A of the ACC.

The purpose of this recommendation is to provide time before the contract expires to work with the owner (preferably by HUD staff) to preserve the property. The group was unaware of the problem of false opt-outs when it made this recommendation.

5. The group recommends that the definition of what constitutes "tenant data" in the context of an opt-out be clearly identified. It recommends that the owner send a copy of the 50059 and a current rent roll for all tenants at the project to the CA, which would then send the 50059s to the local HUD office.
6. The group recommends that the CA be permitted to send tenant data to HUD in the form of a "dump" of tenant 50059 tenant data from TRACS when it is clear that the owner will not provide that information in time for the CA to meet the 100-day deadline prescribed under IBPS #5. The permission for the CA to do this should be explicitly stated in the ACC's "Statement of Work" (Pg. 14) and in the CA Guidebook. Also included in the "Statement of Work" and in the CA Guidebook should be a mandate that the CA maintain a record of their attempt to receive the tenant information from the owner.
7. The group recommends that the PHA be required by the 10th of each month (by what means or through notification in which document is HUD's decision) to notify the CA, via the HUD Property Manager, which families have received tenant-based vouchers so the CA can make accurate HAP payments.
8. The CA be allowed, with the CAOM's consent, to withhold monthly HAP payment if the O/A does not forward this information to the CA in time to determine HAP payments. The reason for this would be to minimize the possibility of an owner "double-dipping" HAP funds. Permission to do this should be spelled out in the ACC "Statement of Work" and in the CA Guidebook under the guidance for IBPS #6, IBPS #5, and the guidance for handling an Option 6 contract renewal found in IBPS #14 and the Section 8 Contract Renewal Guidebook.
9. The "comments" section in REMS under the project action "Opt-out notice received from owner and forwarded to HUD" should be expanded.

10. HUD, not the PBCA, should be required to complete the “opt-out information” in REMS on the Renewal-Contract Option Selection screen. This would enable the CA to provide accurate information to tenants inquiring about their subsidy status.

(Because HUD staff is better aware of the timing issues involving the issuance of tenant-based vouchers.)

- A participant commented that with a one-year opt-out notification policy, there may be a problem in providing timely counseling to tenants on their options. Perhaps six-month notice would be better. Another participant suggested that HUD develop some good information packets for residents that both CAs and HUD staff could use in counseling them. The packets might also help with residents in cases where an owner is falsely opting out. A participant commented that some information packets of this type were developed for the preservation program.

A participant raised again a point made earlier that the notice informing HUD of the opt-out should not be informal and should be prompted by receipt of the required letter from the owner. Most in the audience seemed to agree. One participant wondered why CAs should be put through the requirement of having to notify HUD early based on information gleaned through informal channels of communication. Ms. Lear reiterated that the issue is back on the table and will be revisited.

Group 4: IBPS 6 and 7: Review, Verify, and Authorize Monthly Section 8 Vouchers and Notice of Corrective Action

The group made the following recommendations:

1. To all sections of the ACC: change PHA to CA (or to PBCA? If standards are to be the same, it should probably be CA).
2. Cross-reference some of the issues in the ACC to sections of the CA guidebook, rather than writing them out in the ACC (to make the ACC shorter).
3. Clarify the timing requirements for the disbursement of funds to owners (change to the first business day after receipt of the funds from HUD—the first business day of the month is usually the day the funds are sent from LOCCS to the CA).
4. Allow exceptions to the 20-day deadline for voucher processing if the delay is beyond the CA’s control. The exception must be supported by the owner (because the OA had a part in it). Put the exception in an exhibit relating to IBPS 6. There shouldn’t be disincentives assessed if delays are outside the CA’s control.
5. Only those adjustments that—if not made—will create a significant financial impact on the owner (determined by region) should be considered corrective actions. Corrective actions will be reported to the CAOM on the next monthly report.

The following recommendations need to be considered in light of the revised Handbook 4350.3 (some of them may be moot at this point):

6. Cross-reference the CA Guidebook and Handbook 4350.3.
7. In Section 5-4 of the Handbook, include recommendations 3 and 4, above.
8. Make sure that PBCAs are reviewing the same thing on vouchers.
9. Make sure that the same items are being reviewed on special claims.
10. Procedures for late certifications need to be better defined; there needs to be standardization of supporting documentation.

Recommendations pertaining to systems enhancements:

11. HUD should evaluate the certification of software systems based on minimum standards. There needs to be consistency between PBCAs to ensure 100 percent accuracy.
12. Baseline programming needs to be changed to flag inactive certifications and reset certifications as transmitted on baseline by PBCAs.
13. TRACS needs to publish more detailed specs for vendors on the order of submissions for partial certifications.
14. Site software needs to be able to indicate move-outs among market renters and pass this information through to the CA's system.
15. TRACS needs to be reconfigured to allow a manual move-out to be entered by HUD or a CA.
16. At a high level of security, TRACS needs to allow records to be flagged as non-current (although they will be retained in the system).
17. Certifications retained in the system should be no older than 15 months—preferably this will be the most recent certification.
18. PBCAs need voucher detail records as soon as possible to help automate the process of voucher reconciliation. PBCAs need voucher adjustment records, too, and clear rules need to be set regarding adjustments.
19. Until the systems hiccups are fixed, there shouldn't be a penalty levied on PBCAs for less than 100 percent accuracy. In addition, it needs to be defined what 100 percent accuracy means in terms of which fields need to be entered. And what will the impact be if there is less than 100 percent accuracy?

20. There needs to be a stop clock on payment to owners at the point at which tenant files and vouchers have been transmitted to TRACS (this recommendation has been brought on by problems encountered in the conversion to TRACSMail and 201B).

Group 6: IBPS 11 and 12, Budgets, Requisitions, Revisions, and Year-end Statements

In April 2001, Section 8 Housing Assistance Payments to PBCAs were converted from estimated to actual voucher amounts, eliminating the need for year-end settlements. PBCAs, however, are required to prepare and submit one final settlement for each contract they administer. The working group drafted instructions and worksheets for making final settlements (distributed at the meeting), recommending the following procedures:

- The PBCA will mail one copy of each Statement with an original signature to the appropriate CAOM for review and approval. Accompanying the individual Year-End Settlements, the PBCA must submit two lists. One list must identify each contract that received an overpayment with a total of all overpayments and the second list must identify each contract that received an underpayment with a total of all underpayments.
- Upon completion of the review, one CAOM-approved copy will be returned to the CA (with a copy retained by the CAOM). In the case of overpayment, the CA will forward the documentation and payment to HUD in Atlanta. In the case of underpayment, the CA will submit the documentation to the National Accounting Center in Fort Worth. The NAC will electronically transfer funds in the amount of the underpayment total to the PBCA's bank account.

PBCAs are also required to certify at the end of their fiscal year any interest earned on Annual Contributions from HUD. The working group recommended that PBCAs be required to submit an interest certification (a draft of which was circulated at the meeting), along with a check to HUD if the certification reflects interest was earned in excess of \$50.00. Fifty dollar was chosen because it is often the minimum required by banks to maintain an account.

The group said that it is not ready to address the issue of whether a budget and requisitions should be required annually after the initial LOCCS entry.

- Ms. Lear asked Ms. Walker if they are needed. Ms. Walker replied that they could be eliminated if that is feasible under the PBCAs' contract.

Group 5: IBPS 9 and 10, Life-Threatening Health and Safety Issues and Non-Life Threatening Health and Safety Issues

Working group 5 prepared and distributed a handout containing recommendations on IBPS 9 and 10 and suggested revisions to Chapter 8 of the CA Guidebook. The group's

leader said that many of the group's recommendations were met with the development of the REMS reports presented earlier. Its recommendations include:

1. Development of a standard log sheet to provide a minimum amount of information for documenting LT-EH&S and NLT-EH&S.
 2. Clarification in the Guidebook of which REMS screens and data fields should be updated (including target and completion dates).
 3. Definition of the level of involvement for the PBCA in handling resident complaints.
 4. Development of timeframes for REMS input.
 5. Access by PBCAs to REMS data reports.
 6. Development of standard definitions for LT-EH&S and NLT-EH&S items. (The group recommends that REAC definitions be adopted for life threatening health and safety issues.)
- There was a brief discussion on what non-life threatening health and safety items would include, with participants asking that the group's final report include definitions for those, as well.

Group 7: IBPS 13, Public Housing Agency Audit

Working group 7 prepared and distributed a survey to PBCAs and CAOMs on the subject of audits; copies of the results were distributed at the meeting. There was not, however, a large response (17 surveys), so the group leader asked if this indicates that there isn't a high level of concern over audits?

The survey's most noteworthy finding is that respondents feel that there may be a problem with CFDA guidelines, with audits going down too close to the sites. The group leader suggested that the problem might be that the auditors don't understand the guidelines.

- Ms. Lear told participants that perhaps this isn't enough of an issue, but that the group would appreciate more feedback—there probably won't be a recommendation unless more feedback is forthcoming.

Group 9: IBPS 15, General Reporting Requirements

A recommendation paper was distributed to accompany the presentation. The group's primary objective is "to minimize redundancy in general reporting requirements while providing HUD timely, meaningful and accurate information in a standardized format." Their recommendations include:

1. Eliminate quarterly reporting, which reiterates in summary fashion what has already been reported to HUD each month.
2. Revise the Work Plan to include only controllable and schedulable tasks (the MOR and Section 8 owner compliance core tasks). Processing rent adjustment and contract renewal packages are contingent upon when the owners submit them.
3. Incorporate non-schedulable tasks in a monthly IBPS tracking log (which many PBCAs already do).
4. Submit a standardized group of documents with the monthly invoice, which could include: the monthly general report (narrative), the invoice, the IBPS tracking log, the corrective action log, the EFT Log, and the work plan. The group leader commented that the new reports will provide support for generating these documents.
5. Define standardized monthly general report topics, which would include information related to: hot topics, circumstances beyond the control of the CA, staff turnover, significant administrative action, major accomplishments and success stories, quality control activities, and pending issues. The “hot topics” section should address only property-specific activities that require additional oversight and administration (to be addressed by field offices). A separate subheading under “hot topics” could be used to identify programmatic issues, which should be forwarded to Headquarters for resolution, then consistently applied across the entire CA program. The group leader commented that while standardization is being sought, the report’s format should not be too prescriptive—there should be room for tailoring to the needs of individual field offices.
6. Consolidate the annual report with the last monthly report, with recommended submission time no later than the 20th business day. There should be no change in the required reporting information, but the format will change to accommodate monthly activity as well as cumulative work plan activity for the entire year, and reconciliation of reporting differences and billing appeals.

Other considerations addressed by the group in its report include:

1. Discrepancies with the monthly billing should be discussed with the CA before approval.
2. Upon approval, HUD (the CAOM) should provide a copy of the Invoice Transmittal report to each CA, respectively. The group leader noted that many CAs aren’t getting copies.
3. Both qualitative and quantitative measurements as well as benchmarks should be used to determine the true success of the program. Longer-term measures have to be developed as well as those that are short-term and task-oriented. Long-term measurements might include: cost savings related to fraud and incorrect voucher

submissions; percentage achievement of TRACS Tenant Database Compliance; Change in MOR ratings (e.g. a decrease in the number of below average/unsatisfactory rating and associated findings); and percentage of renewals processed on time. The right measurement has to be applied to the right outcome; an underlying question is: what measurements would be of interest to HUD and Congress?

- Ms. Lear asked the group if they had more measures to suggest, for incorporation into the reprourement. The group leader promised to include any sent by participants into the final draft of the group's report.

Group 10: IBPS 16, Monitoring Physical Inspection Results

The group made a number of recommendations and identified points that need to be clarified in the guidance:

1. Regarding physical inspection follow-up—what should serve as official notification? The 30-day report? The REMS report talked about earlier?
2. What qualifications do PBCAs have to conduct inspection follow-up, and what is the potential for liability? It should be recognized in the Guidebook that PBCAs are not trained REAC inspectors and that they're primarily tasked with identifying physical inspection findings that haven't been cured.
3. Regarding EH&S citations—follow-up on site should occur at the time of the MOR; three days (same as REAC) should be allowed to correct the condition. PBCAs need guidance on whether they should inspect non-Section 8 units.
4. Self-certification by the owners should be considered acceptable follow-up until the next MOR.
5. PBCAs need guidance on how to select a sample for inspection—how large should it be? Some in the working group recommended that selection of the sample be left to the CA, while others felt the guidance needs to be more prescriptive.
6. Corrective actions should not be followed-up on monthly—follow-up should be performed when the repairs are scheduled to be completed.
7. There were two schools of thought concerning how properties that have been referred to the DEC should be handled. Some in the group felt that PBCAs should handle housing assistance payments only, while others felt PBCAs should continue to do more:
 - PASS deficiencies should be given to the DEC for follow-up.
 - FASS/nonfiler issues should be followed-up by the PBCA unless the DEC dictates otherwise.

The final consensus within the group was that if the property is referred to the DEC, it should be considered for the PBCA's purposes to be in the DEC unless the PBCA is told otherwise. PBCAs and the DEC have bumped into each other on a number of occasions.

8. If corrective action laps over into the next REAC inspection cycle, the corrective action plan should lapse. Either there should be a new plan, with the open issues incorporated into it, or—in the event the score improves—a plan won't be needed.
 9. The REMS comment box needs to be expanded.
 10. PBCAs should be allowed to abate Section 8 subsidies for EH&S violations with HUD approval, even if the citations aren't noted on a REAC inspection. The verbiage on abatement needs to be clarified, to read something like: "Removal of Section 8 subsidy for the unit or contract until the condition is corrected, as determined by the contract administrator." Upon correction of the condition, HAP would be reinstated, but there should be no retroactive payments to the owner for the period of the condition.
 11. REAC repairs for properties that score 60 or above should be completed within one year, unless it is otherwise stated in the plan.
 12. For scores between 31 and 45, owners should be required to write a letter stating that repairs have been made.
- A participant commented that time needs to be spent on considering an abatement policy. There are bad inspectors, and some EH&S violations involve a condition no more serious than a missing battery in a smoke detector. The group leader replied that abatement would not be mandatory and that the group's recommendation is that it be for severe conditions, with HUD concurrence. In some cases, abatement is a tool. Owners should be allowed time to repair and correct the hazard, but if the condition isn't mitigated, abatement may be justified. Another participant commented that HUD has the responsibility to confirm the PBCA's findings and to act. PBCAs can only report—and they might be completely wrong in their conclusions.

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In response to comments and requests, Ms. Lear told participants that they will e-mail the recommendations forwarded to Headquarters on June 14 and everyone would receive a copy of all working group recommendations for a final look. Commenters should send their comments to the group leader, who will resend the group's report to Headquarters by June 28. Individuals who haven't been getting invitations to focus group meetings should give their e-mail address to Ms. Lear if they want to get a copy of the recommendations.

Remarks by Acting DAS Frederick Tombar

Mr. Tombar told participants that the recommendations being put forward by the working groups are accomplishing exactly what the PBCA Focus Group was set up to do—that is, help HUD identify the issues and find their solutions. Contrary to what HUD expected, however, flexibility in process is being requested in some areas rather than consistency in procedure.

Everything recommended by the groups will be considered, but not everything will be adopted—recommendations will be taken where they make sense and will work given the larger effort. From the work done here, HUD has learned some lessons, which will be applied elsewhere in Housing. In its deliberations, Multifamily Housing will weigh the issues carefully and respond in detail to the recommendations.

Mr. Tombar also told participants—as has just begun in Maryland—that the IG will be conducting onsite audits of PBCAs to see why they have been successful. He said that he is confident that the results will be good, and in areas where there may be deficiencies, HUD already knows what needs to be addressed owing to its continuing dialogue with PBCAs and the content of their reports to HUD. HUD is also in the process of hiring a contractor to conduct just such an audit for Housing—in the long term, these audits will help ensure the viability and sustainability of the PBCA initiative.